

CALIFORNIA ENERGY COMMISSION

1516 NINTH STREET
SACRAMENTO, CA 95814-5512



April 12, 2001

TO: AGENCY DISTRIBUTION LIST

REQUEST FOR AGENCY PARTICIPATION IN THE REVIEW OF GWF HANFORD ENERGY PARK PEAKER PROJECT EMERGENCY PERMITTING PROPOSAL (01-EP-7)

On April 9, 2001, the GWF Power Systems Company, Inc. (GWF) filed an emergency siting application for the Hanford Energy Park Peaker (HEPP) project. The Energy Commission staff has reviewed the application and determined it to be complete. This project is being reviewed under Public Resources Code section 25705, which grants the Energy Commission emergency permitting authority, and Executive Order D-26-01, issued February 8, 2001 and Executive Order D-28-01 issued on March 7, 2001. **In Executive Order D-26-01 and D-28-01, the Governor ordered the Energy Commission and other relevant state and local agencies to expedite review of proposed thermal power plants for construction and operation on an emergency basis by September 30, 2001.** Staff has begun an expedited 'fatal-flaw' analysis of the project. A hearing will be held in Hanford on April 19, 2001. Staff expects the Energy Commission to make a final decision on this project within three weeks of the application being found to be complete. **The Commission requests that you send any comments, concerns, or proposed conditions of certification identified by your agency by April 23, 2001.** The application is available at www.energy.ca.gov/sitingcases/peakers, and is being sent with this letter. Comments should be sent to Bob Eller, the Energy Commission project manager for Hanford, by e-mail at Beller@energy.state.ca.us. We request that comments be sent in Word 97 format.

The HEPP project is a 95 megawatt (MW) simple-cycle natural gas fired power plant to be located at the Hanford Energy Park in Hanford, Kings County, California. This project is an addition to the Hanford Energy Park (HEP) project approved by the California Energy Commission on April 11, 2001. Electric transmission and natural gas facilities for this project were included in the facilities approved by the Commission for the HEP project. Water for the project will be supplied by an existing well at the site, or the City of Hanford if a backup water supply is required.

Initially, NOx will be controlled to 25 parts per million (ppm) via water injection. NOx will be controlled to 3 ppm in 2002 by the installation of selective catalytic reduction (SCR).

Project construction will take approximately three months. Start-up operations will begin in early August, and the facility will be on-line by September 30.

ENERGY COMMISSION'S EMERGENCY PERMITTING AUTHORITY

This project is being considered outside of the Energy Commission's normal power plant permitting process. Under Public Resources Code section 25705, if the legislature or the Governor declares a state of energy emergency, the Commission has emergency authority to order the construction and use of generating facilities under terms and conditions it specifies to protect the public interest. This authority can be invoked only if the Legislature or Governor declares a state of emergency and the Commission determines that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency. The Governor declared a state of emergency on January 17, 2001. On February 8 and March 7, the Governor issued several executive orders and declared that all reasonable conservation, allocation, and service restriction measures may not alleviate an energy supply emergency.

In Executive Order D-26-01 and D-28-01, the Governor ordered the Energy Commission to expedite the processing of applications for peaking and renewable power plants that can be on line by September 30, 2001. The Governor also declared that these projects are emergency projects under Public Resources Code section 21080(b)(4), and are thereby exempt from the requirements of the California Environmental Quality Act (CEQA). A summary of the emergency permitting process, including the proposed schedule, and a checklist showing the information required in an application, can be found on the web at: <http://www.energy.ca.gov/sitingcases/peakers/documents/index.html>. A copy of this summary is attached to this request for comments.

ENERGY COMMISSION'S EMERGENCY PERMITTING PROCESS

The first step in the emergency permitting process is for Energy Commission staff to determine whether or not the application contains all the information listed in the application checklist. Staff determined that the application is complete. Staff has begun a 'fatal-flaw' analysis of the project to determine whether the project should be approved with proposed conditions of certification. The Energy Commission will hold a single public hearing in the local community five to ten days after the application is accepted as complete. The hearing and visit to the site is scheduled for April 19, 2001. This hearing will provide the public, as well as local, state and federal agencies, the opportunity to ask questions about, and provide input on, the proposed project. A notice for this hearing will be mailed, but anyone interested in attending is encouraged to check the project web site. The web site includes instructions for signing up for the project's email list-server.

AGENCY PARTICIPATION

Because the application is accepted as complete, your participation in the proceeding will be important in identifying and suggesting ways to resolve issues of concern to your agency. There may be specific requests for agency review and comment during the

proceeding, though Commission staff anticipates completing its assessment of the project within approximately two weeks of determining the application is complete. If you have questions or would like additional information on how to participate in the Energy Commission's review of the project, please contact Bob Eller, Siting Project Manager, at (916) 651-8835, or by e-mail at Beller@energy.state.ca.us. The status of the project, copies of notices and other relevant documents are also available via the Energy Commission's Internet page at www.energy.ca.gov/sitingcases/peakers.

Sincerely,

ROBERT L. THERKELSEN, Deputy Director
Systems Assessment & Facilities Siting

Enclosure